P

G. R. S. IX-5]

Previous references.

G 7 159-16 (11, 12, 13 & 14)
G 2 3-12 (
" 52-13 (1-9)

1916-17
(G. 7)

File No. 159-16

Serial Nos. 1, 2, 3, 4, 5
6, 7, 8, 9

Later references.

G 7 93-18 Nos: 1, 4-6, 8 Jan'y 1920.

GENERAL AND REVENUE SECRETARIAT.

P-85
(G)

Serial Nos. ~~1~~ 2, 3, 4, 5, 6, 7, 8, 9 etc.

Part B for Aug: 17.

SUBJECT.

Mr Datta's note on the Reorganisation of the Mysore Railway Loan

W D 88—GPB—50,000—24-7-16

(1)

G. R. S. 11] 1916-17

GENERAL AND REVENUE SECRETARIAT.

(S.F.)

NOTES.

File No. 159-G

FILE HEADING.

Mr. Datta's note on the redemption of the Mysore Railway Loan

From

No.	Dated	Received

Diary No.	Enclos.	Spare Copies.	Serial No.

BRIEF ABSTRACT OF LETTER.

NOTES AND ORDERS.

Confidential.

DEWAN OF MYSORE

BALLABROOIE,
HIGH GROUND,
BANGALORE.

9th September 1916

My dear Mr Chakravarti,

47-46 Will you kindly study the question of the present position of the Railway Loan Redemption Fund and favour me with a note as to whether the war has, in any way, affected it? Is there any way open to us to obtain a higher rate of interest? Perhaps you will also kindly talk the matter over with Mr Datta.

Yours sincerely,

M. Visvesvaraya.

C. 135-17
2.2.17

G. R. S. 12]

General and Revenue Secretariat. | File No. 29 of 1916.

Serial No.

Compln

(1) What is the amount at the credit of the sinking fund? Give particulars of papers, face-value & approximate depreciation

(2) A/s Fin will please post up the recent correspondence relating to our request to convert the investments into sterling.

M
14/9

(1) Amount at the credit of the Mysore Sterling Railway Loan Redemption Fund on 31st March'16.

Government of India Securities.

	Face value	Approximate depreciation
3½% pc	83,06,500	24% 19,93,560
3% pc	10,66,100	34% 3,62,474
Total.	93,72,600	23,56,034

Approximate value of securities held after allowing for depreciation Rs. 70,16,600.

(2) Cash

There was a negative balance of Rs.8,076-15-6 on 31st March 1916 which must have been adjusted from the interest realizations in May 1916.

Comptroller.

163 14.9.16 Budget

13.9.16

NOTE—Contn. sheet.

GPB—25,000—30-4-15.

G. R. S. 12]

General and Revenue Secretariat. | File No. 484 of 1916.

Serial No.

4 sig Q

(1) Cf. 3-12 (Sl. 1054) filed Sept 1912 bearing on the subject is put up.

(2) Cf. 52-13 Sl. 1059 on the same subject, which was sent to the Office of Mr. Dutta, Spl. Officer with H. Mis 249-16 is not available as that Office has not yet complied with the reqn. for its return. This file contains the

7 to 8

HDM 5/10/16

Correspondence with the Residency regarding the investment of the Ry Sinking Fund in Sterling Securities.

The Effect of the War on the Ry Sinking Fund has been the heavy depreciation of its investments in 3 & 3½ % paper amounting to about 2 3½ lakhs as worked out by the Comptr. If further investments are made in rupee paper there is the likelihood of a very heavy loss due to depreciation having to be faced in 1936 when the Railway debentures have to be paid. But if future investments are made in Sterling loans repayable at par in or by 1936, we would be effectively protecting ourselves from depreciation and also from charges relating to Exchange which will have to be incurred if rupees are to be converted into pounds & paid in England. The present opportunity is also convenient for Sterling investment as their price is low - To avoid

The depreciation is really less for most of the purchases were at a discount. JM 22/10

Not likely if purchases are made at the current market rate in rupee or in redeemable paper. JM 21/10

NOTE—Contn. sheet.

GP3 -70,000—17-12-15

G. R. S. 12]

General and Revenue Secretariat.

Fin. File No. 484 of 1916.

Serial No.

the payment of British Income Tax only securities of the United Kingdom and Fiji Colonies will have to be gone in for. ~~The only difficulty in the way is~~ ~~As the matter Investments in Sterling may of~~ If full advantage is to be taken of the present situation investments in Sterling may be made ~~out of~~ in the Surplus Investment Account and the such papers transfered from time to time to the account of the Railway Loan Sinking Fund whenever ~~there is~~ this Fund gets Cash for investment. The only difficulty that stands in the way is the absence of cash for investing in the Surplus investment account.

Ey. 52-13 Sh. 169 Copy received in Secretariat Office

ii) As the matter is urgent, the file is submitted even though the papers referred to at A in last page are not put up

Fiji

6/10/16

At present, under a special arrangement arrived at with the Controller of currency we are taking into our treasuries all the cash accruing as interest to the Ry Sinking fund and transfering rupee paper from our own holdings to the fund at the current market rate. This is a

NOTE—Contn. sheet

GPB—70,000—17-12-15

G. R. S. 12]

General and Revenue Secretariat.

25 J

Fl. Misc. File No. 484 of 1916.

Serial No. 1

very convenient arrangement and cannot result in any loss to us on the whole.

2. The question of buying up as much of the Ry debentures appertaining to our own sterling loan is also under consideration & will be submitted shortly.

3. Beyond this, it does not seem quite safe at present to launch into extensive sterling investment. The subject however will be kept continually under study in confidential consultation with the Mysore Bank.

Dewan) 27/10

Seen.

I shall be glad if, within a month, a brief note is prepared, in consultation with Mr. Datta, of the policy which Government should follow in reference to this fund.

The note, after approval by Government, may be printed and retained as a guide to the attitude which Government should maintain in this matter

31.10.16.

(1) I think the policy of the Mysore Govt in reference to the fund should be that explained in paras 60 to 63 of the papers* below in my note dated 28.7.14. A draft was prepared on the lines of that note for communication to Residencies ~~and Residency~~ after the war but it is missing from the file.

A

NS for Please expedite. 27/10

This file is before Dewan on 9th was Subd. 12.9.16

NS for Please put up a suitable draft to the Bank after this is read back from Dewan Sahib. I discuss matters with Mr Rose from time to time for NS. 29/10/16 28.10.16

S.O 27

Page 27

NOTE—Contn. sheet

G. R. S. 12]

General and Revenue Secretariat. | S. F. File No. of 191 .

Serial No.

(1)

(2) Even now the Govt sterling stock (3½ %) is at about 68 while the rupee 3½ is at about 76. But I am doubtful if it is proper to take up the matter now. The huge war loans have made the future of the sterling stock somewhat uncertain & we may perhaps wait till the war is over.

(3) I therefore suggest immediate action as at A in my note of 22.10.16 on the last page and action as explained in para (1) of this note when the war is over.

To Mr Datta for favour of remarks as to the lines on which the note required by the Dewan Sahib should be prepared.

(Sd.) M

3/12/16

S.O. 89 | with 15 printed copies of note.

Please see printed note below

K. L. Datta
14.2.17

Forwarded, with compliments, to the Financial Secretary to Government, for favour of necessary action, with three copies of Mr. Datta's notes.

D. M. Narayanrao 16/2

Secretary to Government,
General Department.

P. J. G.

NOTE—Contn. sheet.

GPE—70,000- 17-12-15

WD 1233—GPB—60,000—1-12-16—S.

Serial No.

21) The subject may if approved be considered at the next meeting of Council

22) My opinion on the suggestions contained in the last para (17) of Mr Datta's note are:

1. Action taken may be taken as proposed now that the question of British income-tax has been settled after enquiry.

2. This is being done.

3. The procedure to be adopted after 2 or 3 years may be settled at the time the course suggested by Mr Datta being kept in view.

4. With 5% paper at 95, the proportionate value of 3½% would be 95 × 7/10 = 66.5 The difference between this and the present market rate — if there be such a thing as market rate now — is not such as to justify sales in such a depressed market. If we hold on for some years the loss is likely to be much less. It is likely that there will be some appreciation of securities after the war is over.

17/2/17

1st member

Dewan

17/2/17

Recd 5.5 pm. 17/2/17 BVP

1916

19.2.17

23) The subject is important & ought to & may be considered at a Council

NOTE—Contn. sheet.

C. 135 - 17

471

G. R. S. 12]

General and Revenue Secretariat. | G. F. File No. 159 of 1916.

Serial No.

Meeting of Exec Council on Wednesday the 21st at which both Hon M. Long & Hon Hallenbury be requested to be present

Hill
18/2/17

4807
19.2.17.

Secretariat

24) I have just discussed this question with Mr Drake & Hon Smith in favour of a meeting of the Council on the 21st inst -

25) A Circular is also issuing convening a meeting at 3 p.m. on the same date for the consideration of another urgent subject - This question may be considered in Continuation.

19.2.17 AC

Fin Secretary
Gen. Secretary

26) Seen & passed on to Col Secy

M
19-2-17

NOTE—Contn. sheet.

GPB—70,000—17-12-15

CONFIDENTIAL. 4/1/17

G. R. S. 12]

General and Revenue Secretariat. | G. 9 File No. 39 of 1916

Serial No.

Dewan's orders in Council.

" To issue orders tomorrow (22nd) and submit to His Highness afterwards."

2/)

Extract from the Proceedings of the Council is put up.

Forwarded with compliments to the Secretary to Government, Financial Department, for favour of necessary further action.

By Order

D. M. Narayanarao 21/2

Secretary to Government,
General Department,

27)
A/s Fin
for a draft

28) Ernst
21/2/17

18/22/2

Draft cancelled
18/22/2

H Secy. 18 22.2.17

29) Draft approved by H. Secy

N 22.2.17 30) Issue today.
Rect. 23.2.17.

18 23-2-17.

NOTE—Contn. sheet.

W D 2382—GPB—500—20-3-16

Extract from the Proceedings of the 409th Meeting of the Council of His Highness the Maharaja, held at Bangalore, on the 21st February 1917.

---

1. SUBJECT.-(Outside the Schedule)

Mr. Datta's note on the redemption of the Mysore Railway Loan.

OPINION OF THE COUNCIL.

All the proposals of Mr. Datta may be approved. The 3½ per cent. securities may be sold in small instalments of six lakhs at a time with the previous sanction of Government.

Sd. M. Visvesvaraya,

Dewan of Mysore.

"EXTRACT"

D. M. Narayana Rao

Secretary to Government,
General Department.

WD—156—GPB—1,000—19-7-16.

G. R. S. 12]

General and Revenue Secretariat. | C. 7 File No. 159 of 1916.

Serial No.	
1	
2	33) The Comptroller & Genl. No. 4687–8 dt: 22.2.19 Govt approve and pass orders on the suggestion referred to. & Mr. K. L. Kaula. Sir. Offr. Forward the same
	34) A draft D.S.N is subd. (vide orders of the Dewan on back of margin) 6/3. N
3	35) From the Ag. Secretary for Railways R.S. 2650 dt 3/3/17. Solicits certain instructions regarding the proposals made in Lett. cited.
	36) Subd. 6/3. BVR Please see D.S.N. putup. S. 8/3/17
	38) Orders). Vide orders of Dewan at page 9 ante.
4	39) From the Secretary to Govt. Genl. dept. Memo. no. C.S. 32/17 dt 13.3.17 Forwards copy of Instructions in Council dated 12/3/17 requiring that action taken every month in regard to the disposal of 3½ % paper as per Council resolution should be reported monthly to the Council.

NOTE—Contn. sheet.

H.M.G 3577/16 WD 1233—GPB—60,000—1-12-16—S. 12

G. R. S. III-2]

General and Revenue Secretariat. | §7 File No. 159 of 1916.

Serial No.

40) A draft to the Comptroller as per orders of the Finl Secretary is subd. & Revised D.S.N.
14/3 Fletcher). 41) 18 14/3
clean
42) (1) Draft appd Revised D.S.N
(2) may be posted wh.
M 15/3

Issued. 43) (1) Issue.
(2). Have a typed draft putting ac-
Amended 15/3 ance. & Keep the copy 18 15/3/17

Fletcher). 44) 18 15/3/17

45) M 17/3/17

255 B.17 Dewan) 46) 18 17.3.17.

15 To The Comptroller
No 5344) §7 159-16. of 15/3/17

Requests to submit a report on the 1st working day of each month stating the action taken during the preceding month in the matter of the disposal of the 3½% securities held by Govt

NOTE—Contn. sheet. 47) Dewan)

(18) *Submitted to His Highness.*

I submit herewith the papers relating to the Mysore Railway Loan Sinking Fund.

2. In his letter No.1458 dated 21st August 1916, the Comptroller suggested that as the Railway Sterling Loan Debentures had fallen to about 82 % it would be advantageous to buy as much of the papers as possible to facilitate the redemption of the said loan of £1,200,000/- on the due date.

3. Mr. Datta, Special Officer, was consulted in the matter and in his note dated 12th February 1917, he made the following proposals for the consideration of Government.-

(1) Buying up at once through Messrs.Coutts & Co., - London, as much of the Debenture Loan papers as possible at the current market price in instalments of £10,000/- at a time as long as the market price does not rise above 77 per cent.

(2) Investing the receipts of the Railway Loan Sinking Fund during the next two or three years in 3½ per cent rupee securities as long as the State has these securities to dispose of.

(3) requesting thereafter the Secretary of State for India to invest the future receipts for the Sinking Fund in the 5 per cent Sterling War Loan just then issued or in any other similar but more favourable securities, if they are issued in the mean time.

(4) Disposal of 3½ per cent securities held by the - State at once in small instalments.

4. The Financial Secretary in his note dated 17th - February 1917 recorded the following opinion on the several

proposals of Mr.Datta.

Proposal No.1.

Action may be taken as proposed.

Proposal No.2.

This is being done since 1914.

Proposal No.3.

The procedure to be adopted after two or three years may be settled at the time, the course suggested by Mr.Datta being kept in view.

Proposal No.4.

The present market rate of 3½ per cent rupee securities is not such as to justify their sales immediately and that we may hold on till after the War when it is likely that there will be some appreciation of the securities.

5. The Council generally approved of the proposals of Mr.Datta and orders were issued to the Comptroller.

6. As regards Mr.Datta's recommendation (3) we were already in communication with the Government of India on the subject and in the Residency letter of 3rd July 1914 it was suggested by the Government of India that if we agreed, the Secretary of State would invest the interest accretions of the Sinking Fund in suitable Sterling securities on our behalf. After the declaration of war the question was regarded as temporarily closed at the instance of the Residency in view of the disturbed condition of the Sterling market (vide Residency D.O. letter dated 8th October 1914). In view of the fact that the recommendation relates to a course of action to be taken after two or three years, no immediate communication to the Government of India seems necessary.

7. As regards recommendation (4) the Comptroller has been directed to arrange for sale of 3½ per cent - security in small instalments of 6 lakhs at a time with the previous sanction of Government in each case.

8. The action taken may be graciously approved

A. Viswanatha

24 March 1917.

Record of Cases submitted for the Orders of His Highness the Maharaja.

Subject.

49 Papers relating to the Mysore Railway Loan Sinking Fund.

924

Order.

50 ~~KRW~~
23/3/17

Fm Secretary to
51) 24-3-17. do
52 to 24/1. 53) 15
27/3

WD 1233—GPB—60,000—1-12-16—S.

17

G. R. S. III

...al and...

§7 File No. 15-9 of 1916

§7
The file is received with the approval of His Highness

24/3

...e note in the
... receipt of file
... M. Hall Hand
it. bm. for perusal

25
24/3

...saw.
Reg. 4) The Comptroller's reply
bea. X 5846 dt 15/3/17
was handed to the Financial
Secretary Separately on
19/3/17. He said that no
4% MSM Rly debentures were
available in the market
RVV 27/3

2180

WD 1233—GPB—60,000—1-12-16—S.

. R. S. III-2]

General and Revenue Secretariat.

§ I File No. 159 of 1916.

Serial No.	
6	From the Comptroller of Mysore No 7916/Bk. 749. En 2. dy 15/3/17. D. 2.3 Forwards for the information of Government a copy of his telegram to Messrs Coutts & Co and their reply thereto in regard to purchase of the debentures of the Railway Sterling loan of £ 1,200,000. The file was subd to the Financial Secretary today (17/3/17) with a draft submission note. 17/3 Fl Secy. 18 17.3.17. Secy 20/3 18/20/3

NOTE—Contn. sheet.

2186824/14 WD 1233—GPB—60,000—1-12-16—S.

G. R. S. III-2]

General and Revenue Secretariat. | Gf File No. 159 of 1916.

Serial No. 7

From the Comptroller No 8457/BK 8177 dt. 4.17.
States that 3½% Govt of India Pro-notes of the face value of Rs 13 lakhs were sold in March a sum of Rs 8,77,698-14-3 being realised as the proceeds and adds that he is arranging to sell another 7 lakhs.

57) Submitted.
for 10/4 BK 58) JC Secy) 18
12.4.17

59) To Secy for report to Council in accordance with Rules of Council dated 12.3.1917.

Flag S,

361/14-4-17

Members of Council & Secretary

For Kind perusal. 13.4.17

14/4

16.4

17/4

2244/17/4

20.4.17

6159+6163/27.4.17

Secy

Secy 15 28.4.17

Dept 4/5 18 2/5

Await Despatch report 18 3/17

NOTE—Contn. sheet.

2718.
2886.

WD 1233—GPB—60,000—1-12-16—S.

G. R. S. III-2]

(20

General and Revenue Secretariat. | 97 File No. 159 of 1916.

Serial No. 8

From the Comptroller no 9313/Bank 902 d 4/7.5.17
Reports that Govt of India promissory notes were not sold in April 1917.

Sahib
Mr
9/5.

Lemesurier). Vide paper flagged S,.

For information.

18
9.5.17.
Secy & Actg

Member in charge of Finance & Revenue Secretariat. Dewan)

For kind perusal.

3090/14.5.17

385/15.5.17

6591/16.5.17

Mr
13/5

Secy
18.5.17

TSR

9

From The Comptroller
no. 9882/Bank 962 d 22.5.17

Submits copies of two telegrams received from Messrs Cautley & Co. & copies referred to in his letter no 7135/Bank 701 d 26.2.17. to the Bankers

H, & N,

Submitted for perusal. Vide papers flagged H, & N, —
24/5 Mr
1st Member
Dewan.

18
24.5.1916.

3274/24.5.17

Mr
26/5

Secy
26.5.17

NOTE—Contn. sheet.

NB
30/5

WD 1233—GPB—60,000—1-12-16—S

3.

G. R. S. III-2]

General and Revenue Secretariat.

97 File No. 159 of 1916.

Serial No.

From the Comptroller

N. 10690/Ac. 1050 dy 2. 6. 17

Reports that no Govt of India Promissory notes were sold in May 17.

TGA 9/6.

18
5/6/17.
15

7C Secy

M
21.6.17

1st Member
Dewan

3606
22.6

Secy
22/6 18 22/6

7280
23.6.17.

Secy
17 AO 18.7.6.

Dom Mb Co

NOTE—Contn. sheet.

WD 1233—GPB—60,000—1-12-16—S.

G. R. S. III-2]

General and Revenue Secretariat.

97 File No. 159 of 1916-7

Serial No.

From the Comptroller
No 20/BK 2 dt 3. 7. 17
States that no Govt of India Promissory notes were sold during since 1917.
The connected papers have been sent to the council secty.
~~I. Office~~ for Fl mis 1246-16.

Encld
~~Encl~~ WM. Finlay. 18
97. 5/7

M
6/7 18

120
10/7

1st member
Secy).

18
7.7.17

Secy
10/7 18/7/2

235
11-7-17

Secy
14.7.17 RO 16

NOTE—Contn. sheet.

WD 1233—GPB—60,000—1-12-16—S.

General and Revenue Secretariat. | G 7 File No. 159 of 1916.)

Serial No.

From the comptroller

No 02/KR dt 20.7.17.

Forwards two pro-notes of 6 lakhs each for signature of the Dewan in favour of the Bombay Bank and thus proposes to place 12 lakhs with the Bank for sales besides 8 lakhs, the sale of which has been effected a few days ago at Rs 65¼

x y z J. The comptroller had been authorized to sell 20 lakhs at 67. At this rate he already reported to have sold 13 lakhs realising

x Q. Rs 8,77,698-14-3,

He for the first time reports that he has accepted the sale of another 8 lakhs at 5 ¼ for which there is no order. This, he says he has done to strengthen the cash balance.

The present proposal for placing 12 lakhs is in addition to the above.

The ways & means estimate provides for realising 30 lakhs by sale of securities.

Subd with the Pro. notes & the comptroller's memo

26/7. The Comptroller's action in accepting the offer at 65¼ has, it seems, been approved in the circumstances.

Proposals have been called for in regard to the ways and operations of the current year.

In the meantime the 2 promissory notes of 6 lakhs maybe kindly endorsed by the Dewan as

NOTE—Contn. sheet.

WD 1233—GPB—60,000—1-12-16—S.

G. R. S. III-2]

General and Revenue Secretariat. | 67 File No. 159 of 1916-17.

Serial No.

desired by the Compte.

The subject of strengthening the cash balances is urgent.

In obtaining the notes duly signed by the Dewan the Compte may perhaps be asked to obtain the previous approval of Govt as to the rate at which they may be sold.

Hkey). 18 24-7-17

1) I agree.

2) The pro-notes may be kindly endorsed in the places indicated by the Compte's initials. The Compte wants them today as they have to reach Bombay by 28th.

M 24.7.17

Signed by the Dewan 24.7.17.

To Compte with compliments.

18 18 24-7-17.

I have taken the pro-notes and return the Cash papers.

Mark 25-7-17

NOTE—Contn. sheet.

(25

1295

D. O. No...

OFFICE OF THE COMPTROLLER

OF MYSORE,

Bangalore, the 24th July 1917.

My dear Sir,

I sent on the 21st Instant two 3½ per cent notes of 6 lakhs each for the signature of the Dewan to the endorsements on them in ~~the~~ favour of the Bank of Bombay. The note accompanying the pro-notes explains the need for sending the notes to the Bank. I also send herewith ~~copy of~~ letter No. 15136 dated 20th ~~xxxx~~ July 1917 received from the Bank to-day. The 3 lakhs referred to in this letter have been sold and the notes must reach the Bank on or before the 28th inst. It is necessary to send them to-day. I shall therefore feel much obliged if you will kindly obtain the Dewan's signature to the notes and return them to-day. The return of the Bank's letter is requested.

Yours sincerely,

M N Venkatarama Rao

Rajamantrapravina
Dewan Bahadur J. S. Chakravarti, Esq., M.A., F.R.A.S., Etc
Financial Secretary, Bangalore.

mcs

WD 1233—GPB—60,000—1-12-16—S.

G. R. S. III-2] .

General and Revenue Secretariat. | File No. of 191 .

Serial No.

The printed - 12 leaflets signed by the Deccan and returned herewith -

The Board's letter is also returned

187
24.7.191

NOTE—Contn. sheet.

215

WD 1233—GPB—60,000—1-12-16—S.

G. R. S. III-2]

General and Revenue Secretariat. | 97 File No. 159 of 1916.)

Serial No.

Attention is invited to p.p. 23 & 24. Subn. for order if any further communication is necessary approving Comptroller's action in accepting 5 lakhs at 65¼ & asking him to obtain Govt approval for rates at which paper may be sold in future.

28/7. X Not necy for the present.

The Comptr's further proposals re Wdn. Sy may be awaited.

28/7/17

From the Comptroller

No 1801/Bk 123 & 1.8. 17

Reports that Govt of India 3½ % securities of the face value of 17 lakhs were sold in July 1917 (5 lakhs at 65¼ and 12 lakhs at 65%)

In march last 13 lakhs were sold, In all 30 lakhs have been sold up to date.

6/8. Submd (H Secy). 6/8/17

1) Submit to 1st member & Dewan for information

2) Ask Compr to furnish a statement showing if further sales are necessary for reserve purposes & if so how much —

(1st member Dewan) 7/8 7/8

NOTE—Cont. sheet. 7/8/8

URGENT AND CONFIDENTIAL

REDEMPTION OF THE MYSORE RAILWAY LOAN.

Under a contract dated 31st August 1887 between the Secretary of State, acting on behalf of H. H. the Maharaja of Mysore, and the Southern Mahratta Railway Co., the railway constructed by the Mysore State between the city of Mysore and Gubbi, was made over to the Southern Mahratta Railway Co., who had raised debenture stock of the nominal amount of £1,200,000 partly for the repayment to the State of the sum spent by it on the construction of the Railway up to the date of its transfer and partly for the construction of an extension of the Railway from its terminus at Gubbi to a junction with the Southern Mahratta Railway near Harihar. The whole line including the extension is to be the property of the State but to be worked by the company in accordance with the terms of the contract till 1932 or an earlier date when the contract may be determined, the debenture stock of £1,200,000 being redeemable by the State on due date. The debenture stock which was issued on 1st March 1886 is not redeemable before 1st March 1936, but is redeemable after that date at par upon one year's previous notice being given in the London Gazette by the Secretary of State and carries interest at 4% per annum payable on the 1st day of April and 1st day of October in each year.

2. With a view to secure the redemption of the debenture stock on the due date, it was at first arranged between the Government of India and the Durbar that a sinking fund should be formed out of annual payments made by the State and allowed to accumulate at compound interest. As the loan was fixed in sterling, the Government of India at the instance of the Secretary of State urged the formation of a sterling fund by means of annual payments of £14,630; so that it may accumulate with interest at 3% in 42 years from 1895 to 1936, to the sum of £1,200,000 and extinguish the debenture loan in 1936. The Mysore Government under Sir Seshadri Iyer, however, urged that investments in sterling securities guaranteed by the Government of India or the Secretary of State could not be expected to realise a higher average rate of interest than 2½ % per annum and that Rupee investments were more advantageous at the market rates then ruling. It was also urged that if a sterling fund was insisted on, the loss to the State might amount to Rs. 30 lakhs excluding the cost of remittances to England or the greater expenses and the larger intervals of time required, for making sterling investments, as compared with those in Rupee paper in India and there was the further apprehension of a fall in the rate of exchange as the Government of India had not till then succeeded in securing stability in the rate of exchange between rupees and the pound sterling.

3. After some correspondence, the Secretary of State accepted the Durbar's proposal that the Mysore Government should at once put by a sum of Rs. 50,40,600 in India Government Pro-notes, which sum it was calculated would accumulate at compound interest, to a sum of 180 lakhs of rupees on 1st March 1936. The Government of India accepted the proposal subject to the understanding that, if through a fall in the rate of interest or in the rate of exchange or from any other cause, it became necessary at any time to increase the amount of the investment, the Mysore Government should take the requisite steps. It was also decided that the Dewan and the Resident should be trustees of the fund and that the Comptroller-General should have custody of the securities and invest the interest as it accrued.

4. The following securities were accordingly transferred to the Fund :—

	Rs.
Government of India 3 per cent loan of 96-97	10,66,100
Do 3½ per cent loan of 54-55	14,65,400
(Transferred to the loan of 1865 in Feb. 1900.)	
Loan at 4 per cent interest to the Jodhpur State sanctioned by the Government of India	25,50,000

The Comptroller-General was authorised to draw and reinvest the amounts of interest as they accrued and in the case of the Jodhpur loan to recover on due dates both the principal

and interest and to reinvest the same to the credit of the fund. To admit of a comparison being made of the amount which should be at the credit of the fund, with the amount actually to its credit and the making good by the Durbar of any deficiency, it was settled that the Comptroller-General should furnish the trustees with an annual account of the fund and a quinquennial report to the Government of India. The first annual report was for the year 1899-1900.

5. These arrangements still continue to be in force. In 1913 the question was reconsidered by the Mysore Government as the Government of India, in the meantime, had succeeded in securing stability in the rate of exchange and sterling securities had fallen considerably in value, 3½ per cent of India sterling stock being quoted at 87¼ per cent, while 3½ rupee paper was quoted at 96 per cent. The Mysore Government accordingly considered that it would be greatly advantageous to it if the rupee securities then held by the sinking fund could be converted into sterling stock. The Resident was accordingly asked to arrange in consultation with the Comptroller-General, to convert as large a portion of the rupee paper held on account of the sinking fund as possible, into India 3½ per cent sterling stock and to continue to do so even thereafter when suitable opportunities occurred after communicating with the Durbar on each occasion. The Resident referred the question to the Comptroller-General who replied that there was no doubt that the conversion contemplated by the Mysore Durbar would increase the face value of the securities held in the sinking fund and the yearly interest realised thereon, but at the same time it was possible that the benefit derived thereby might be counter-balanced by a sudden and serious fall in the price of sterling securities when it became necessary to realise them towards 1936. He pointed out that the price of sterling securities had gone down heavily in recent years and that it was possible that a further fall might occur at the time of realisation. The price of rupee paper was not however so subject to the world-wide causes which resulted in large fluctuations in the price of sterling securities and had been comparatively steady for some time past. Further, the financial object of a sinking fund was best secured by investing in paper which was not liable to heavy fluctuations. He was of opinion that it was admittedly difficult to say whether investments in sterling or rupee paper would be more beneficial to the State and taking all the circumstances of the case into consideration, he recommended that the Durbar should ask the Government of India to obtain the sanction of the Secretary of State to the investment in sterling securities of all the future income of the fund derived as interest on the existing investments and to the gradual conversion of the existing rupee securities held in the fund into sterling securities to an amount not exceeding 20 lakhs in any one year. In his opinion such a gradual process of conversion of rupee securities was likely to admit of the proposed conversion without affecting the market value of the rupee securities in India. The Durbar accepted the recommendation of the Comptroller-General and in its letter No. P. O. L382 dated 19th November 1913, asked the Resident to obtain the required sanction of the Secretary of State as early as possible.

6. The Secretary of State replied that there were some disadvantages in investing the whole of a sinking fund in securities of one class to be sold *en-bloc* when the occasion arose for which the fund was intended to provide. In his opinion it was therefore preferable not to convert the existing rupee stock but to make future investments partly in India stocks but partly also, whenever a favourable opportunity offered in the 4 per cent debenture stock itself, which was then quoted slightly below par, or any other trustee securities, due regard being had to the relative cheapness of the different investments. He was prepared to undertake the investment if his proposals were accepted by the Durbar. As war broke out soon after, the Durbar told the Resident that its reply to the proposal of the Secretary of State would be communicated when the money market returned to normal conditions.

7. The Financial Secretary however noted on the proposal of the Secretary of State as follows: —

"In my respectful opinion these arrangements should not be accepted. They are too rigid and would prevent us from getting the advantage we seek."

"We want conversion of the existing rupee securities if such conversion can be effected at an advantage of six points or over. Nor do we want to bind ourselves to sterling securities for all future investments *i. e.*, even if such investments are less favourable than rupee investments."

"We want to take advantage of both markets as far as possible as regards conversion and as regards future investments."

"For conversion, the point of operation may be fixed at 6 points advantage; for new investments the point of operation in the English market may be 3 points advantage. We should of course go in only for Trustee securities under the Indian Law (Sec. 20, Indian Trusts Act). If the advantage is less than 3 points we may go in for rupee paper. Of course in comparing securities at a different rate of interest from 3½ per cent, conversion on arithmetical basis to 3½ per cent should always be made." A

"In my opinion, we should press for an elastic system as above. The Mysore Durbar have every right to insist on such a system. From copies of paras 421 and 422 of the Comptroller-General's Office Manual, it appears that the Dewan and the Hon'ble the Resident in Mysore are the trustees to the fund and the Comptroller-General is the custodian. It may be left to the Trustees to decide how the proceeds of the fund should be invested from time to time. If this is done and (A) above be adopted for the present as a working rule, the arrangement will be satisfactory."

8. Since the formation of the sinking fund the Comptroller-General has been investing the receipts of the fund in Government of India securities and the balance held on 31st March 1916 was as follows:—

	Nominal value	Approximate depreciation Per cent	Amount	Present value
	Rs.		Rs.	Rs.
3½ per cent	... 83,06,500	30	24,91,950	58,14,550
3 per cent	... 10,66,100	40	4,26,440	6,39,660
	93,72,600		29,18,390	64,54,210

Three and half per cent G. P. Notes are at present quoted at about 71 and when the new Government of India war loan is floated, prices are likely to go down further. I have therefore calculated the value at 70 per cent. At this rate, future investments in 3½ per cent rupee paper will yield an annual return of 5 per cent. If therefore the interest accruing in future on the G. P. Notes held in the sinking fund are invested in 3½ per cent G. P. Notes and if the price of these securities continue to be at the same level namely 70 per cent, the total value of the securities will amount on 31st March 1936, to Rs. 1,71,25,000 and the deficiency to be made good by the State will amount to Rs. 8,75,000 only, so that the loss to the State owing to the depreciation of the securities will not be so serious as may appear to be the case at first sight. The loss in the capital value of the securities now held on account of the sinking fund, will be made up to a substantial extent by the higher rate of interest which it will probably be possible to get for future investments of the fund. If the price of 3½ per cents rise to a little over 75 per cent in 1936, the anticipated loss will be made good.

9. Moreover, the Mysore State has at present a large amount of Government securities as its invested savings. It has been decided to hold securities of the actual value of about a crore of rupees, as a reserve to meet its liabilities on account of Savings Bank and other deposits and other future contingencies such as famine, etc., and to spend the rest of the accumulated savings on capital expenditure on productive works of various kinds, during the next two or three years. It will therefore be necessary for the State to sell considerable amounts of 3½ per cent rupee securities during the next few years. As the sale of a large amount of rupee securities in the open market is likely to depress the value of these securities still further and as the State will then have to suffer a still larger loss, the sale will have to be carried out cautiously and it will be a great advantage to the State to be able to sell some portion of these securities to the sinking fund for the debenture loan. So far therefore as the next 2 or 3 years are concerned, it will perhaps be a convenience to invest the interest accruing on the holdings of the sinking fund in the 3½ per cent securities held by the State. This is being done

10. The Dewan has asked for a note about the policy which Government should follow in reference to the sinking fund.

11. The question for consideration is whether it will be desirable to invest the accrued interest in rupee securities even thereafter till 1936. The Financial Secretary still adheres

to the opinion recorded by him and quoted above and thinks that the policy of the Mysore Government in reference to the fund should be that explained in his note. He says that even now the Government of India sterling stock is about 68 while the rupee 3½% is about 78. He is however doubtful if it is proper to take up the matter now. Huge war loans have made the future of sterling stock somewhat uncertain and he advises that the Durbar should wait till the war is over.

12. In the meantime, the Officiating Comptroller has brought to the notice of Government the desirability of buying the debentures of the Railway sterling loan of £1,200,000 which are now selling at a large discount. The Financial Secretary also supported this proposal at first. He however withdrew his support as Mr. Rose of the Mysore Bank expressed the opinion that interest on the debentures even if held by the Mysore Durbar would be subject to British Income tax which is now 5s. in the pound. I was decidedly of opinion that Mr. Rose's view was incorrect and that under Section 71 (II) of the Finance Act 1910 (10 Edw. VII. Cap. 8) interest on the debentures if owned by a person not resident in the United Kingdom was not subject to British Income tax. I at first asked Mr. Mole, Chief Auditor of the M &. S. M. Ry. but he also agreed with Mr. Rose. As I did not agree, I asked the Comptroller to make a reference to Messrs. Coutts & Co., of London, on the subject. They have now replied that interest on the debentures, if owned by residents outside the United Kingdom, is not liable to British Income tax. The tax is deducted in the first place by the Company when paying interest but it can be claimed back after the close of each financial year in April. This being so, there is no doubt that it would be advantageous to the State to buy up as much of the debenture stock as can be had. Bearing in mind that the debenture loan is to be redeemed by the State under the arrangements made with the Secretary of State, in 1936, the value of the debentures to the Mysore State consists of 2 parts, namely, (i) the present value of an annuity of 4% *i.e.*, the interest, and (ii) the present value of the capital due 20 years hence at the prevailing market rate of interest. If the future rate of interest at which investments can be made, is taken as 5%, the present value of the annuity is 52·198 per cent and the present value of the capital is 37·689 per cent, or a total of 89·887 per cent. If the future rate of interest is taken as 6%, the corresponding values are 45·879 per cent and 31·181 per cent or a total of 77·06 per cent. At 7% the values are 37·768 per cent and 25·842 per cent respectively or a total of 63·61 per cent. The debentures are now quoted at 73 per cent, which means that any investments which can be made by the State in these debentures, will give a return of about 6½ per cent, in future. No investment could therefore be more profitable to the State and as the purchase of these debentures will mean their redemption at their present value without any chance of any future loss, there cannot be any doubt that it is advisable for the State to buy up as much of these debentures as can be obtained. There can be no difficulty about funds required for the purchase, as the State can sell their holdings in 3½% Government rupee paper to pay for the debentures, and the transaction is bound to give the State a large profit. It is not however likely that the State can buy any appreciable quantity of these debentures at their current market price. I would therefore offer a larger price say 77 per cent which would still have a large profit to the State. I do not think it necessary to obtain sanction of the Government of India or the Secretary of State, to purchase these debentures. I would therefore telegraph to Messrs. Coutts & Co., at once, asking them to purchase as much of these debentures as they can and to telegraph as soon as they have purchased £10,000. They may be also asked by letter to continue the purchase as long as the price does not rise above 77 per cent. The debentures are quoted at such a low price because the holders have no guarantee that the debentures would be redeemed in 1936. The market price is affected by the consideration that though the Secretary of State has the right to redeem them in that year, it is not likely that the right would be exercised in that year in view of the present state of the money market. If we succeed in purchasing any of the debentures, there will be no difficulty in moving the Government of India to release a corresponding amount of the 3½ per cent rupee securities now held in the sinking fund.

13. As regards the future, I agree entirely with the Secretary of State that it is not desirable to hold the whole of the sinking fund either in sterling securities or in rupee securities. As the securities at present held in the sinking fund will give only about one-third of the total amount to which the sinking fund should ultimately accumulate, I do not think it will be advisable for the State to convert any of these securities into sterling securities especially as

they will in future yield a return of 5 per cent more or less, according to the price at which they may be quoted, that is, about the same return which can be obtained from any other investments. It will not be easy to sell these securities *en-bloc* at once as such a course, coupled with the fact that the State will have to sell a large amount of its own investments in the same securities during the next few years, is bound to depress the value of these securities still further. I would therefore hold these rupee securities in the sinking fund intact and give up all idea of converting them into any other securities, except so far as it may be necessary to sell them to pay for the debentures of the loan itself which we shall be trying to purchase.

14. As regards investment of the future income of the sinking fund, I would invest it in the new 5 per cent sterling war loan just issued by the Imperial Government. They are redeemable at par between 1942 and 47 that is, within a few years after the debenture loan of the State attains maturity. The price of these securities cannot therefore be very much below par at the time when the debentures will be redeemable and before then, they are not likely to go below the issue price of 95 owing to the precautions taken by the Imperial Government. Investments in these securities will not therefore be subject to any large prospective reduction in their Capital value and the absence of this speculative element in their case is their chief recommendation. The total amount of the 5 per cent sterling stock which it will be necessary to purchase for the sinking fund between the close of the war and the date of maturity of the debenture loan, can be only £700,000 or £800,000, so that the amount held by the sinking fund will form a very small fraction of the total amount of stock issued and there should be no difficulty in selling it on the date of maturity of the debenture loan and the State will have succeeded in securing future investments at 5 per cent which is much more than what was expected when the sinking fund was formed, without any great possibility of any loss in their Capital value. The loss incurred in the value of the present investments, will then have been largely made good and as it is quite possible that the new 5 per cent sterling war loan will rise above par in 1936, *i.e.*, a few years before its redeemable date, it is possible that the balance of the loss incurred by the State on account of the present holdings of 3½ per cent rupee paper, will be also made good. I have already said that this balance of the loss is only 5 per cent and as the 5 per cent sterling loan is being issued at 95 per cent, it is quite possible that the stock may rise to par in about 1936 and thus recoup the 5 per cent loss which would have been otherwise incurred by the State.

15. I do not agree with the Financial Secretary that there is any risk in entrusting the duty of making future investments to the Secretary of State, who is in a far better position to judge of the state of the money market and the comparative price of the different securities than any one in Mysore. It seems to me difficult for any one sitting in Bangalore to judge of the state of the money market in India and it is almost impossible to judge of the state of the money market in London. So far as the question of the investment of the future receipts of the sinking fund is concerned, the Secretary of State's interest cannot possibly conflict with that of the Mysore State and if the investment is left to him, I have no doubt that he will always try to secure the best possible interests of the Mysore State and I am also of opinion that it is impossible for any one in the State itself to guard those interests in a better way.

16. In this connection I cannot refrain from referring to the fact that during the last year or two, the Mysore Government has not taken any steps to diminish the heavy loss which it will incur in connection with its rupee securities. It should have known fully that it would be necessary for the State to realise a considerable part of its investments in rupee securities during the next few years to meet its capital expenditure. While fully conscious of this fact, *i.e.* that its investments are not of a permanent character and that there is no possibility of any improvement taking place in the price of the securities before the State is compelled to realise them to meet its capital expenditure, it has remained with its hands folded and paralysed while the price of its large investments in rupee securities has been going down day by day before its eyes and it has made no effort whatever to prevent the inevitable loss mounting up by degrees to three-quarters of a crore of rupees. A considerable part of the loss could have been avoided by selling its securities slowly and by investing the proceeds as fixed deposits with the Presidency Banks. It has not however done so. Within a few weeks after I joined my appointment, I suggested the purchase of 4 per cent conversion warrants of 20 lakhs with a view to enable the sale to be effected at a better price than 3½ per cents could possibly fetch. The

proposal was however rejected and I was not even allowed an opportunity of explaining the grounds of my proposal in detail. At last when I pressed my proposal, it was accepted notwithstanding the opposition of the Financial Secretary, but it was too late as conversion warrants were not then available for purchase. Again about 3 weeks ago, I suggested the immediate sale of some securities when they were quoted at 74 per cent. But no notice was taken of my proposal although I distinctly brought to notice that the price would be gradually going down. As a matter of fact, the price has gone down in about 3 weeks to about 70 per cent and still I find the Government is taking no action whatever in the direction, although in the next year it will certainly be compelled to sell some of its securities. I again repeat that the price of 3½ per cent securities will be going down still lower and that there is time even now to sell some of its securities and would again urge the absolute necessity of selling some of the securities slowly and if necessary, to invest the proceeds in fixed deposits with the Presidency Banks.

17. To sum up, my proposals are that :—

1. We should telegraph to Messrs. Coutts & Co., to buy as much of the debenture loan as possible at the current market price and to report to us by telegram as soon as they have succeeded in purchasing £10,000 and to continue to purchase until further orders as long as the market price does not rise above 77 per cent. I know that any large amounts are not available for purchase but still we should try to secure as much as we can.

2. To continue to invest the receipts of the sinking fund during the next 2 or 3 years in 3½ per cent rupee securities as long as the State has these securities to dispose of.

3. After the lapse of this period and after the war is over, to ask the Secretary of State to invest the future receipts of the sinking fund in the 5 per cent sterling war loan just issued or in any other similar, but more favourable securities if they are issued in the meantime.

4. To begin selling 3½ per cent securities held by the State at once in small instalments.

K. L. DATTA.
12-2-17.

[R.S. 28]

GEN. & REV. SECRETARIAT. TYPING Sec. 23 FEB 1917

Q. 7.

File No. 159-16

Serial No. Sec. 2.

*Diary No. of letter replied to*_____

Proceedings of the Government of His Highness the Maharaja of Mysore

GENERAL AND REVENUE SECRETARIAT.

from the Comptr, Mysore Govt., submitting proposals for the purchase of the debentures of the Railway Sterling loan of £ 1,200,000.

, the 191 .

READ— 1. Letter No. 14582 21-8-1916

2. Note dated 12-2-1917 from Mr. K. L. Datta, Special Officer, regarding the redemption of the Mysore Railway Loan

Date of issue 22-2-17

Signed by W Sreenivasaiengar

May this be

i printed?

ii treated as a standing order? N.

iii published in the Gazette English part?

iv. translated?

v placed at the disposal of the Press?

vi published in the Gazette Kannada part?

ORDER THEREON.—No. H 4687-88 22-2-17

All the proposals of Mr Datta are approved. The 3½ per cent securities may be sold in small instalments of six lakhs at a time with the previous sanction of Govt.

W

Sec. 22/2

To The Comptr Mysore Govt.
Mr. K. L. Datta, Spl Officer

SUBJECT. 18
22.2.17

GPB—50,000—4-12-12

(2

G.R.S. III—3]

Routine Notes.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

Assistant Secretary, Finance.

A report of 3½ per cent. Securities sold has to be submitted to Dewan every month. Kindly let me know whether this was submitted and if so, when.

14.6.17

15/6

The file is here with put up. The report for April was submitted to Dewan on 18-5-17. The last report for May was submitted to Dewan on page. stating that no Govt. of M. f.P. notes were sold in that month

15/6

15/6

15/6

N.B.—Should routine notes be written on small slips, the notes must be copied, or slips pasted on this form.

W.D. 84—GPB—60,000—20-7-16

Confidential.

S-7 159/16 Serl 3. (3

GPB—1,000—24-11-14

Railway Construction Department. | File No. of 191 .

Serial No.

Mr. Datta's Note on the Redemption of the Mysore Railway loan.

No. R.S. 2690
3.3.17

Fin 924/16
S-7. 159/16.

With reference to the above received with a memo dated 16th ultimo from the Secretary, General Department, it is not understood what action is expected of this Department to be taken in the matter of the following proposals therein made:-

(i) To buy the 4% debenture of the Mysore State so long as the price does not rise above 77 per cent.

Vide Para 17 of Mr Datta's note

(ii) To invest the receipt of the Sinking Fund in 3½ per cent rupee securities as long as the State has these securities to dispose of during the next 2 or 3 years and thereafter in the 5% Sterling war loan or any other similar but more favourable securities.

(iii) To sell 3½ per cent securities held by the State in small instalment.

So far as the Railway Department is concerned it would be desirable to buy as many debentures as possible as suggested by Mr. Datta not necessarily at a discount but even at par as it would mean the extinguishment of so much of the debt. The interest accruing on the Sinking Fund may therefore be

GPB—1,000—24-11-14

Railway Construction Department. | File No. of 191 .

Serial No.

be utilised in buying up these debentures and further interest on these debenture also invested in the same way. When the rupee papers rise in value they may also be sold and invested in these debentures - - - gradually lessening the amount at the credit of the rupee security in the Sinking Fund.

Ag.Secretary for Railways,
Government of Mysore.

Bangalore,
3rd March 1917.
ALM.

To

The Secretary to Government,

General Department, with compliments.

Forwarded to the Financial Secretary with compliments.

5/3

MS Fin

Orders have already issued in this matter. Please link this to the main file -

5. 3. 17

[The papers have been forwarded to H.H. I think,]

Put up in main file
15/3/17

Fin 935/16.

C.S. 32 617

13.3.17

C.S. 39-16

INSTRUCTIONS IN COUNCIL, DATED THE 12TH MARCH 1917.

.....

Action taken every month in regard to the disposal of 3½ per cent. paper as per Council Resolution should be reported monthly to the Council by the Financial Secretary.

...

Copy of the above is forwarded, with compliments, to the Secretary to Government, Financial Department.

By order,

D. M. Narasinga Rao. 13/3/17

Secretary to Government,

General Department.

G. R. S. 26]

File No. Gr 159/16

Serial No. 5

Diary No. of letter replied to Imp 357/16

No. H 5384

General and Revenue Secretariat

(Gr)

the 191 .

To 15 March/17

The Comptroller

Sir,

Adverting to Govt. Rec. no 21.

4687-8 D 22/2/17, I am directed

to request you to be so good

for the info. of govt.

as to submit a ~~monthly~~ report

on the 1st working day of each

month, stating ~~in regard to the~~ action

taken during the preceding month

in the matter of ~~for~~ the disposal of the 3½ per

cent securities held by govt.

I have the

Asst Secretary

Date of issue 15-3-17

Signed by W Greenwaregus

15/3

14/3

over.

SUBJECT.

14/3

D 2186

C.F. 159-16

Sur 5

It is requested that in future communications on the subject, the No. and date of this letter, and the distinguishing letters below the number as given opposite, may be quoted and addressed to the Comptroller, Mysore Government.

the communications.

No. 796 BK. 749 & REV. &c. Dne.

OFFICE OF THE COMPTROLLER, MYSORE GOVERNMENT,

Dated Bangalore, the 15th March 1917.

FROM

C. H. Krishna Rao, Esq.,
~~I.S. CHAKRAVARTI, Esq., M.A.,~~
~~F.R.E.A.S., ETC.,~~
Offg. *Comptroller to the Government of His Highness the Maharaja of Mysore.*

To

Rajamantrapravina Diwan Bahadur
I. S. Chakravarti, Esq., M.A., F.R.E.A.S., Etc.,
Secretary to the Government of Mysore,
Financial *Department.*

SIR,

With reference to Government Order No. Fl 4037-8/G.F. 73-16-2 dated 23rd February 1917, I have the honor to forward herewith for information of Government copies of my telegrams to Messrs. Coutts & Co., and of their reply to it.

I have the honor to be,

Sir,

Your most obedient servant,

C H Krishna Rao

Offg. Comptroller.

SDV/15

15/3/17

C. O. 43—Rec. 18]

.....Department.

191[7]

FROM

~~K. SESHAKRAVARTI, ESQ., M.A.,~~
~~P.R.A.S., ETC.~~,

The *Comptroller to the Govt. of H. H. the Maharaja of Mysore*

To

....., ESQ.,

The *Secretary to the Govt. of Mysore,*

Financial .....*Dept.*

Dated

Despatched 15th March 1917

Received 7916

No. Bank 749

Subject matter.

Forwards copies of telegrams to and from Messrs. Coutts & Co.,

GPB—1,000—8-9 18

Copy of telegram from Messrs. Coutts & Co., London received on the 15th March 1917.

==========

Comptroller, Mysore Government, Bangalore.

"Your telegram seventh no Madras Southern Mahratta Railway debenture stock redeembale 1936 or 1939 is on market nor likelihood of any being procurable"

==Coutts==

==========

"True Copy"

==========

Superintendent,
Record Section, Comptroller's Office.

SDV/15

Copy of telegram to Messrs. Coutts and Co., London sent on 7th March 1917.

========

"Please purchase for Mysore State upto ten thousand pounds sterling at current price not exceeding 77 per cent 4% debenture stock issued for Mysore Railways by late Southern Mahratta Railway Company on first March 1926 with India Secretary of States sanction and redeemable after 1986 and cable result." Mysore Comptroller

Ind/. M.N.K. (7-3-17)
Comptroller, Mysore Government.

==========

"True Copy"

Superintendent,
Record Section, Comptroller's Office.

SDV

D2414

Immediate

G.S. 159-16

It is requested that in future communications on the subject, the No. and date of this letter, and the distinguishing letters, below the number as given opposite, may be quoted and addressed to the Comptroller, Mysore Government.

the communications

8457 No. BK-817

OFFICE OF THE COMPTROLLER, MYSORE GOVERNMENT,

FORM

Dated Bangalore, the 4th April *1917*.

~~DIWAN BAHADUR J. S. CHAKRAVARTI, Esq., M.A.,~~

R. N. Krishna Rao Esq.,

~~F.R.A.S., ETC.,~~

Offg: *Comptroller to the Government of His Highness the Maharaja of Mysore.*

To

Rajamantrapravina Diwan Bahadur J. S. Chakravarti, Esq., M.A., F.R.A.S., etc.

Secretary to the Government of Mysore,

Financial *Department.*

SIR,

Adverting to your letter No. 5344/G.F.159-16-1 dated 15th March 1917, I have the honor to report for the information of Government that 3½% Government of India Promissory Notes of the face value of Rs.13/- lakhs were sold in the month of March 1917 and a sum of Rs.8,77,698-14-3 as per particulars below were realised from the sale:-

Proceeds of 3½% Government paper Rs.10,00,000/ at 67/-					6,70,000	0	0
Interest from 31st December 1916 1916.			Rs.7,972	3	7		
Less Incomes Tax ...			498	11	0		
					7,473	15	7
					6,77,473	15	7
Less Brokerage	625	0	0				
,, Commission	1,693	11	0				
,, Renewal fee	3	0	0		2,321	11	0
						6,75,152	4 7
Proceeds of 3½% Government Paper Rs.300,000/ at 67/-					2,01,000	0	0
Interest from 31st December 1916			2,391	10	8		
Less Income tax ...			149	7	0	2,242	3 8
					2,03,242	3	8
Less Brokerage	187	8	0				
,, Commission	508	2	0		695	10	0
						2,02,546	9 9
						Rs. 8,77,698	14 3

GPB—2,000—25-8-14

C. O. 42-Rec.—17]

.....Bank.....Department

191

FROM

~~DIWAN BAHADUR~~
~~J. S. CHAKRAVARTI~~, ESQ., M.A.,
F.~~R.A.S.~~, ETC.,
The Comptroller to the Govt. of
H. H. the Maharaja of Mysore.

To

....., ESQ.,
The Secretary to the Govt. of Mysore,
Financial Dept.

Dated 5th April 1917.
Despatched "

Received 8457 Epl

No...Bks...817.....

Subject matter.

stating that 13 lakhs of promotes have been sold in March 1917 and a sum of Rs. 8,77,698-14-3 was realised thereby.

I am arranging to sell another seven lakhs as authorised in your D.O No. 291 dated 13th March 1917.

I have the honor to be,

S i r,

Your most obedient servant,

M N Venkatarama Rao

SAM

Offg. Comptroller

It is requested that in future communications on the subject, the No. and date of this letter, and the distinguishing letters, below the number as given opposite, may be quoted, and addressed to the Comptroller, Mysore Government.

the communications

D. 2718.
G.T. 14-C-6

No. 933 Bk.904

FORM

OFFICE OF THE COMPTROLLER, MYSORE GOVERNMENT,

Dated Bangalore, the 4th M a y *191* 7.

~~DIWAN BAHADUR J. S. CHAKRAVARTI, ESQ., M.A.,~~
~~F.R.A.S., ETC.,~~

M. N. Krishna Rao Esq.,
Offg: *Comptroller to the Government of His Highness the Maharaja of Mysore.*

To Rajamantrapravina Diwan Bahadur
J. S. Chakravarti Esq., M.A., F.R.A.S., etc.
Secretary to the Government of Mysore,
F i n a n c i a l *Department.*

18 MAY 1917

SIR,

In continuation of this office letter No.8457/Bks.817 dated 4th April 1917, I have the honor to report for the information of Government that no Government of India promissory notes were sold in the month of April 1917.

An order was placed with the Bank of Bombay, Bombay, for a further sale of five lakhs of promissory notes. They wrote on 11th April 1917 that they were not able to sell any portion of the five lakhs of promissory notes as there were no buyers in the market and that they would endeavour to do so as soon as possible. A telegram was received from them on 20th April 1917 stating that there was an offer to buy two lakhs at 66 and the offer was refused as the rate was rather low. The Bank was requested to try to get a better price and I am awaiting a reply.

I have the honor to be,
Sir,
Your most obedient servant,

S. Shamanna
Offg: Comptroller.

GPB—2,000—25-8-14

C. O. 42-Rec.—17]

.....Department.

191

FROM

~~DIWAN BAHADUR~~
~~J. S. CHAKRAVARTI, ESQ., M.A.,~~
~~F.R.A.S., ETC.,~~

The *Comptroller to the Govt. of H. H. the Maharaja of Mysore.*

To

..... ESQ.,

The *Secretary to the Govt. of Mysore,*
Financial Dept.

Dated 7th May 1917.
Despatched
Received 9th
No...~~Branch~~ 904.

Subject matter.

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stating that no
quot of Indian Pro
notes were sold.
in April 1917.

23 MAY 1917

D·2886

It is requested that in future communications on the subject, the No. and date of this letter, and the distinguishing letters below the number as given opposite, may be quoted and addressed to the Comptroller, Mysore Government.

the communications

No. 9862-64 OFFICE OF THE COMPTROLLER, MYSORE GOVERNMENT,

Bank 962. *Dated Bangalore, the 22 May 1917.*

9759-16
81 no 9

FROM M. N. Krishna Rao, Esq.,

~~J. S. CHAKRAVARTI, Esq., M.A.,~~

~~F.R.A.S., ETC.~~

Offg. *Comptroller to the Government of His Highness the Maharaja of Mysore.*

To Rajamantrapravina Diwan Bahadur

J. S. Chakravarti, Esq., M.A., F.R.A.S., etc.,

Secretary to the Government of Mysore,

Finance *Department.*

SIR,

In continuation of my letter No.7916/Bank 749 dated 15th March 1917, I have the honour to submit herewith copies of two telegrams received from Messrs. Coutts & Co., and of my reply thereto. I enclose a copy of my letter No.7135/Bank 701 dated 26th February 1917 also for information of Government.

I have the honour to be,

S i r,

Your most obedient servant,

Offg. Comptroller.

C. O. 43—Rec. 18]

....Department.

191 .

FROM

J. S. ~~CHAKRAVARTI, ESQ., M.~~A.,
~~F. R. A. S., ETC.~~,
Comptroller to the Govt. of
H. H. the Maharaja of Mysore.

To

....., ESQ.,
Secretary to the Govt. of Mysore,
..... *Dept.*

Dated 22 May 12.
Despatched
Received 9862
No. Br 162

Subject matter.

Forwarding copies telegrams

GPB—1,000—8-9 13.

Telegram dated 21st May 1917 from the Comptroller to the Government of His Highness the Maharaja of Mysore, to Messrs. Coutts & Co., London. W.C.

Your Cablegram/eighteenth and nineteenth. Please continue buying debenture stock 1936 according to my letter twentysixth February

COMPTROLLER.

---:Copy:--

Superintendent, Records.
Comptroller's Office.

22.5.17

Telegram dated 18th May 1917, from Messrs. Coutts & Co.,

440 Strand, London W.C., to the Comptroller to the Government of

His Highness the Maharaja of Mysore, Bangalore.

Your telegram seventh March. Letter 7135 twenty sixth February.

We have bought pounds ~~ten~~ Ten thousand Madras Southern Mahratta Railway
10,000"

four per cent debenture stock 1936 at seventy five costing seven four
75- % 7474-10-6
seven four pounds ten and six. £ SA d.

"Coutts".

C o p y.

Superintendent,

Record Section,

Comptroller's Office.

RSK.

22.5.17

Telegram dated 19th May 1917, from Messrs. Coutts & Co., 440 Strand, London W.C., to the Comptroller to the Government of His Highness the Maharaja of Mysore, Bangalore.

Our telegram yesterday. We have purchased further ~~three~~ three eight nought stock at seventy four costing two five two six pounds seventeen and six pence. Are we to continue buying, if buying available please telegraph.

"Coutts".

C o p y

Superintendent,
Record Section,
Comptroller's Office.

RSK.

22.5.17

Letter No.7135/Bank 701 A dated 26th February 1917, from the Comptroller to the Government of His Highness the Maharaja of Mysore, Bangalore to Messrs. Coutts & Co., 440 Strand, London W.C.

I have the honour to confirm the following telegram sent to you throgh the Accountant General, Madras.

" Please purchase for Mysore State up to ten thousand pounds sterling at the current price not exceeding 77 per cent 4% debenture stock issued for Mysore Railways by late Southern Mahratta Railway Company on first March 1886 with India Secretary of State's sanction and redeemable after 1936 and cable result."

If the debenture stock is not ordinarily available in the market, I request you to kindly have enquiries made as to its holders and buy it of them. I find from the quotations given in the London Times that the current price of another issue of 4% debenture stock of the late Southern Maharatta Railway Company redeemable after 1938 is about 73 per cent. The stock which you are requested to purchase for the Mysore Government will I believe be available at about the same price. As stated in the cablegram the maximum price to be paid may go up to 77 per cent in the event of a rise in the market value of this stock.

3. The price paid for stock purchased will be met from the Royalty account with you.

4. As soon as you have been able to purchase stock of the face value of £10,000/- kindly table the fact to me and continue to purchase until further instructions so long as the market price does not rise above 77 per cent.

5. Kindly let me know after confidential enquiries through your brokers what chance there is of the Mysore Government being able to purchase a substantial amount of these debentures.

C o p y.

Superintendent,

Record Section,

Comptroller's Office.

RSK.

Urgent D 3000

It is requested that in future communications on the subject, the No. and date of this letter, and the distinguishing letters, below the number as given opposite, may be quoted and addressed to the Comptroller, Mysore Government.

No. 10690 Bk: 1050.

FORM

OFFICE OF THE COMPTROLLER, MYSORE GOVERNMENT,

Dated Bangalore, the 31st May *191*7.

DIWAN BAHADUR J. S. CHAKRAVARTI, ESQ., M.A.,
F.R.A.S., ETC.,
Comptroller to the Government of
His Highness the Maharaja of Mysore.

To Rajamantrapravina Diwan Bahadur
J. S. Chakravarti ..., ESQ., M.A., F.R.A.S., &c.,
Secretary to the Government of Mysore,
Financial *Department.*

SIR,

In continuation of this office letter No.9313/Bk.904 dated 4th May 1917, I have the honour to report for the information of Government, that no Government of India Promissory Notes were sold in the month of May 1917.

I have the honor to be,

Sir,

Your most obedient servant,

S. Shamanna
for Offg: Comptroller.
absent from H.Q. on Patien

GPB—2,000—25-6-14

C. O. 42-Rec.—17]

.....Department.

191 .

FROM

DIWAN BAHADUR
J. S. CHAKRAVARTI, ESQ., M.A.,
F.R.A.S., ETC.,
Comptroller to the Govt. of
H. H. the Maharaja of Mysore.

To

...., ESQ.,
Secretary to the Govt. of Mysore,
Dept.

Dated 7-11

Despatched 9/6/17

Received 10690

No..... 1082

Subject matter.

Reporting for the information of Govt what the Govt of India proposals have been in the month of August

D 24 / 19

It is requested that in future communications on the subject, the No. and date of this letter, and the distinguishing letters, below the number as given opposite, may be quoted and addressed to the Comptroller, Mysore Government.

the communications

4 JUL 1917

No. 120 Bank 2.

FORM 18

OFFICE OF THE COMPTROLLER, MYSORE GOVERNMENT,

Dated Bangalore, the 2nd July *191*7

M. N. Krishna Rao, Esq.,

~~DIWAN BAHADUR J. S. CHAKRAVARTI, ESQ.,~~

F.~~XXXXXXXXXX~~

Offg. *Comptroller to the Government of His Highness the Maharaja of Mysore.*

To Rajamantrapravina Diwan Bahadur J. S. Chakravarti, ..., Esq., M.A., F.R.A.S., etc.,

Secretary to the Government of Mysore,
Financial *Department.*

SIR,

In continuation of this office letter No.10690/ Banks 1050 dated 2nd June 1917, I have the honour to report that no Government of India Promissory Notes were sold in the month of June 1917.

I have the honour to be,

Sir,

Your most obedient servant,

Offg. Comptroller.

RSK.

2.7.17

GPB—2,000—25

C. O. 42-Rec.—171

.....Department.

191

FROM

DIWAN BAHADUR
J. S. CHAKRAVARTI, ESQ., M.A.,
F.R.A.S., ETC.,
Comptroller to the Govt. of
H. H. the Maharaja of Mysore.

To

....., ESQ.,
Secretary to the Govt. of Mysore,
Fml *Dept.*

Dated

Despatched 3/7/19

Received

No..... 120 Wh. 2

Subject matter.

Reporting that the Govt. of India Resolution were sold during June 19

D215

Please address all future communications to the Comptroller to the Govt. of H. H. the Maharaja of Mysore.
In reply to this Comm. please refer to
No. 1887
Bank 123

OFFICE OF THE COMPTROLLER TO THE GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE.

Dated, Bangalore, the 1st August 1917

FROM

M. N. KRISHNA RAO, ESQ., B.A.,
~~Offg.~~ Comptroller to the Government of His Highness the Maharaja of Mysore.

To Rajamantrapravina Diwan Bahadur
J. S. Chakravarti, ESQ., M.A., F.R.A.S., etc.,
Secretary to the Government of Mysore,
Finance *Department.*

SIR,

In continuation of my letter No.120/Banks 2 dated 2nd July 1917, I have the honour to report for the information of Government, that Government of India 3½% securities of the face value of seventeen lakhs were sold in July 1917 (five lakhs at 65¼% and twelve lakhs at 65%.)

I have the honour to be,
S i r,
Your most obedient servant,

Comptroller.

RSK.

1.8.17

WD.0322—GPB—3,000—14-12-16

C. O. 42–Rec.—17]

....Department

191

FROM

M. N. KRISHNA RAO, ESQ., B.A.,
Offg. Comptroller to the Govt. of
H. H. the Maharaja of Mysore.

To

.....ESQ.,
Secretary to the Govt. of Mysore,
Dept.

Dated

Despatched

Received

No.....

Subject matter.